



News Release

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WCRE THIRD QUARTER REPORT: SUMMER SLOWDOWN SLIGHTLY COOLS SOUTHERN NEW JERSEY & PHILLY CRE MARKETS

Activity and Prospecting Both Take a Dip

October 11, 2018 – Marlton, NJ – Commercial real estate brokerage WCRE reported in its latest quarterly analysis that the Southern New Jersey market took an expected pause in the third quarter of 2018. Leasing and sales dropped off somewhat from their earlier pace, but the market still shows overall solid fundamentals, continued new investments from outside of the region, and economic inflows to support local expansion.

“A lot of the positive trends we’ve been tracking for several quarters are still in place, so there are reasons to stay bullish,” said Jason Wolf, founder and managing principal of WCRE. “But activity did cool off noticeably, at least in part due to summer.”

There were approximately 274,931 square feet of new leases and renewals executed in the three counties surveyed (Burlington, Camden and Gloucester), which was down about 10.5 percent compared to the previous quarter. The sales market stayed active, with about 1.43 million square feet on the market or under agreement. This metric was essentially unchanged.

New leasing activity accounted for approximately 32 percent of all deals. Overall, gross leasing absorption for the quarter was in the range of approximately 194,282 square feet.

Other office market highlights from the report:

- Overall vacancy in the market is now approximately 11.3 percent, which is nearly one point higher than the previous quarter.
- Average rents for Class A & B product continue to show strong support in the range of \$10.00-\$15.00/sf NNN or \$20.00-\$25.00/sf gross for the deals completed during the quarter. These averages have stayed near this range for most of 2018.
- Vacancy in Camden County increased to 12.3 percent for the quarter.
- Burlington County vacancy was up more than a full point to 10.4 percent, after falling during the first half of the year.

WCRE has expanded into southeastern Pennsylvania, and the firm's quarterly reports now include a section on transactions, rates, and news from Philadelphia and the suburbs. Highlights from the first quarter in Pennsylvania include:

- The vacancy rate in Philadelphia's office market inched up to 8.1 percent in the third quarter. It stood at 7.9 percent in Q2 2018. Demand for office space continues to be strong, and the office vacancy rate is a full point below the national average.
- Net office space absorption in Philadelphia was down compared to Q2, but still positive, at 443,032 square feet for the quarter.
- The industrial sector is as strong as ever in Philadelphia. The third quarter saw a further decrease in vacancy rates, to 5.4 percent, net absorption in the range of 6.1 million square feet, and average rents at \$5.36 per square foot. All of these figures were improvements over the previous quarter.
- Philadelphia retail was largely flat in Q3. The vacancy rate ticked up a tenth of a point, to 4.4 percent, while net absorption was negative after three consecutive quarters of very positive absorption. Net absorption was -273,875 square feet. This number was impacted by large stores such as Sears and Bon-Ton shuttering locations.

WCRE also reports on the Southern New Jersey retail market. The third quarter saw consumer confidence inch upward in September after dramatic improvement in August. It is in the range of 18-year highs. The job market is remarkably strong, supporting consumer spending and reverberating through other indicators. Other highlights from the retail section of the report include:

- Retail vacancy in Camden County stood at 7.4 percent, with average rents in the range of \$15.38/sf NNN.
- Retail vacancy in Burlington County stood at 8.2 percent, with average rents in the range of \$13.84/sf NNN.
- Retail vacancy in Gloucester County stood at 7.6 percent, with average rents in the range of \$14.77/sf NNN.

The full report is available upon request.

About WCRE

WCRE is a full-service commercial real estate brokerage and advisory firm specializing in office, retail, medical, industrial and investment properties in Southern New Jersey and the Philadelphia region. We provide a complete range of real estate services to commercial property owners, companies, banks, commercial loan servicers, and investors seeking the highest quality of service, proven expertise, and a total commitment to client-focused relationships. Through our intensive focus on our clients' business goals, our commitment to the community, and our highly personal approach to client service, WCRE is creating a new culture and a higher standard. We go well beyond helping with property transactions and serve as a strategic partner invested in your long term growth and success.

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